

State of California

M E M O R A N D U M

DATE: April 3, 2003

TO: PERSONNEL MANAGEMENT LIAISONS

REFERENCE CODE: 2003-016

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Accounting Officers
Budget Officers
Personnel Officers
Personnel Transactions Supervisors

FROM: Department of Personnel Administration
Benefits Division

SUBJECT: Rural Health Care Equity Program Premium Reimbursement

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Effective January 1, 2003, the amounts for the reimbursable portion of employees' health premiums under the Rural Health Care Equity Program (RHCEP) decreased as follows:

2003

1 Party - \$32.80

Party - \$65.68

3 Party - \$84.61

For information purposes, the 2002 reimbursements were:

2002

1 Party - \$39.02

2 Party - \$77.88

3 Party - \$101.87

These reimbursements are automatically issued to eligible employees, and no claim forms are required. Reimbursements for co-insurance and deductible expenses still require claim forms.

These payments are made in accordance with Government Code Section 22825.01(f)(1), which states in pertinent part that the RHCEP must "...*subsidize the preferred provider plan premiums for the employee, by an amount equal to the difference between the weighted average of board-approved health maintenance organization (HMO) premiums and the lowest board-approved preferred provider plan (PPO) premium...*" Due to changes in HMO and PPO premium rates in January 2003, the RHCEP monthly premium reimbursements were changed accordingly.

Since July 2002, the RHCEP portion of premium reimbursements has been issued monthly, using a two-month lag. The new premium reimbursement calculation for the December 2002 pay period health deduction (issued January 1, 2003, for January

2003 coverage) was included in the February 2003 pay period check (issued March 1, 2003). These rates will be in effect through the November 2003 pay period.

In order to effectively administer the premium reimbursements it is critical that eligible employees have accurate, up-to-date address information on file and that they report all health plan enrollment changes promptly to their personnel offices. It is critical that the Employee Action Request (EAR) is current as well as the Health Benefit Plan Enrollment Form (HBD 12).

Questions regarding the portion of premium reimbursements eligible under the RHCEP should be directed to Lisa Hatten with the Department of Personnel Administration at (916) 327-1092.

Terri Westbrook, Chief
Benefits Division